

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Saturday 24 December 1977

CG NIDC 77/298C

[Redacted box]

NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

State Dept. review completed

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National Intelligence Daily Cable for Saturday, 24 December 1977.

The NID Cable is for the purpose of informing senior US officials.

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ITALY: Reaction to PCI Moves

25X1 [redacted] Italian political activity has virtually halted during the Christmas season. When it resumes in the new year, the country will face a deepening political crisis, the expression of a broad economic, social, and governmental malaise that is destroying the hopes of the ruling Christian Democrats that they could handle affairs without bringing the Communists closer to a formal role in the government. The Communists are demanding a government of national unity but are apparently willing to settle for an arrangement that would not give them a formal role in the government but would take them a long step toward that goal. While there is still much resistance to a formal Communist role in government, objections to their participation in the governmental majority are crumbling rapidly. The US Embassy in Rome believes that the Communist Party could be in the government within one to three years.

25X1 [redacted] //Amintore Fanfani, formerly the most anti-Communist of Christian Democratic leaders, recently asked Ambassador Gardner whether he or party president Moro should go to the US to determine "the acceptable limits" of further Christian Democrat accommodation with the Communists. His demarche may have been an effort to discover whether the US intends to raise difficulties if the Communists join the government, or a backhanded signal that he sees no realistic hope of barring the way for long, or both.//

25X1 [redacted] //Ugo La Malfa, leader of the Republican Party, has been calling for Communist entry into the government, as have the Socialists.//

25X1 [redacted] While the Communists are demanding a government of national unity, one of their leaders has told the US Embassy that the party would be willing to settle for less--a formula involving specific "guarantees." The most discussed variants of such a formula involve Communist participation in the government majority and inclusion of one or more technicians close to the party in the government. This solution would not necessarily involve the fall of the government.

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[redacted] There is continued resistance, especially in the Christian Democratic Party, to Communist membership in the government prior to the legitimation provided by a national election, but there is no longer strong resistance to another step forward by the Communists.

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[redacted] The US Embassy reports that the logic of the situation points toward a new agreement involving further Communist advances in January. The major unknown is whether grass-roots resistance among Christian Democrats and others will force an election in late spring. If it does not, the Embassy estimates that the present stalemate could continue until 1979, that the Communists will make further advances, and that--barring a reversal of present trends--it appears increasingly probable that the Communists will be in the national government within one to three years, if not sooner. / [redacted]

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China

25X1 [redacted] The reappearance of Chinese party vice chairman Yeh Chien-ying in Peking Thursday will obviously dispel rumors that he is dying but does not in itself indicate that his health is sound. His seven-week absence from public view remains unexplained [redacted]

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25X1 [redacted] The absence of Yeh's name from a directive concerning the situation in troubled Heilungkiang Province had touched off speculation in the foreign press that he was dying. The Chinese, who are often sensitive about what is said in the foreign press, may have surfaced Yeh to quell such speculation.

25X1 [redacted] Others have interpreted the omission of Yeh's name from the directive as a signal that he disagreed with it, but Yeh is not likely to have opposed such a directive, which involved the removal of a provincial leader suspected of harboring sympathies in favor of the gang of four. [redacted]

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